



General Assembly

Substitute Bill No. 236

February Session, 2010

* ____SB00236BA____031710____ *

AN ACT ESTABLISHING A CONNECTICUT SAFE HARBOR FUND.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2010*) (a) There is established
2 an account to be known as the "Connecticut Safe Harbor Fund" which
3 shall be a separate, nonlapsing account within the General Fund. There
4 shall be deposited into the fund: (1) The proceeds of notes, bonds or
5 other obligations issued by the state for the purpose of deposit in the
6 fund; (2) funds appropriated by the General Assembly for the purpose
7 of deposit in the fund; (3) the proceeds of investments by community
8 banks made pursuant to this section; and (4) any additional moneys
9 made available from any sources, public or private, for the purposes
10 described in subsection (b) of this section and for the purpose of
11 deposit in the fund.

12 (b) The Banking Department shall expend moneys in the account
13 established pursuant to subsection (a) of this section to (1) purchase
14 existing community bank loans that are (A) negatively rated, but
15 current, or in default, and (B) those that the community bank prefers
16 not to abandon but, pursuant to regulatory restrictions, is required to
17 abandon; (2) hold, modify, restructure or maintain such community
18 bank loans as a portfolio loan for up to five years or until the portfolio
19 loan is sold to a bank that is likely to attract investment, whichever
20 occurs first; and (3) ultimately yield a rate of return on such

- 21 community bank loans at or near the market interest rate. A
22 community bank that sells an existing loan pursuant to this section
23 shall have the right of first refusal to repurchase the loan.

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| This act shall take effect as follows and shall amend the following sections: | | |
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| Section 1 | <i>October 1, 2010</i> | New section |
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Statement of Legislative Commissioners:

In subsection (b)(2) "maintain as a portfolio loan such loans" was changed to "maintain such community bank loans as a portfolio loan" and "until the loan" was changed to "until the portfolio loan" for added clarity. In subsection (b)(3) "such loans" was changed to "such community bank loans" for added clarity.

BA *Joint Favorable Subst.-LCO*